

LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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FROM: MICHAEL TUERPE, LAFCO Analyst

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Item #11C: Review and Adoption of Modified Benefit Plan for LAFCO Employees

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. Approve the amendments to the San Bernardino LAFCO Benefits Plan to reflect the addition of LAFCO Benefit Group C, the increase in contribution to employees' Health Expense Flexible Spending Accounts, and the clarification of retirement language.
2. Adopt LAFCO Resolution 2971 amending the San Bernardino LAFCO Benefits Plan to reflect the approved amendments.
3. Direct the Executive Officer to provide copies of Resolution 2971 to the County Auditor/Controller-Recorder and Manager of the County of San Bernardino's Employee Management and Compensation System (EMACS) for implementation of the changes.

BACKGROUND:

Modifications to the LAFCO Benefits Plan are needed due to: (1) the Commission authorizing an additional Deputy Clerk to the Commission position and designating this position in a new LAFCO Benefit Plan classification to be identified as "LAFCO Benefit Group C", (2) an increase in contribution to employees' Health Expense Flexible Spending Accounts, and (3) the need for clarification of existing retirement language identified during the

budget process. The LAFCO Benefits Plan (Attachment #1) identifies the proposed changes in bold italic print, and the following describes the changes.

DEPUTY CLERK TO THE COMMISSION:

At the April 18th hearing, the Commission authorized the addition of an additional Deputy Clerk to the Commission position and designated that it be included in a new benefit classification, to be identified "LAFCO Benefit Group C". This new benefit group will mirror the County's Exempt Compensation Plan Group D. However, pursuant to the adoption of the proposed budget, the existing Deputy Clerk position shall retain her existing classification in Benefit Group B. At the time that there is a need to fill this position, it will be converted to Benefit Group C. To implement this change, the following changes are proposed to the Benefit Plan, to be effective July 7, 2007:

- Life Insurance (Section 104): Language is added to reflect the addition of the new Benefit Group C for Variable Universal Life Insurance. There is no change in this benefit.
- 401K Plan (Section 107): Currently, employees in County Exempt Group D can contribute up to three percent (3%) of their bi-weekly base salary to the County's 401(k) Salary Savings Plan with a two-to-one match. The proposed amendment would add this 401(k) benefit for LAFCO Benefit Group C. Additionally, language is added to clarify the effective dates of the 401(k) benefit due to the addition of Benefit Group C.
- Retirement (Section 108): The LAFCO Benefit classifications are amended to add a new Benefit Plan Group C (as shown below). However, the current Deputy Clerk will retain her current benefit level status of LAFCO Group B.

1. Group A. Executive Officer
2. Group B. All SB LAFCO Employees not in Groups A or C
3. Group C. Deputy Clerk to the Commission
 (hired after July 7, 2007)

Additionally, Benefit Group C is added to Section 108-A (Retirement - SB LAFCO Contributions) with a separate supplemental retirement benefit amount of \$90.78 per pay period for FY 2007-08.

CONTRIBUTION INCREASES TO FLEXIBLE HEALTH SPENDING ACCOUNTS

Flexible Spending Accounts (Section 105): Section 101 of the Benefits Plan states that LAFCO contracts with the County to administer the benefits for

LAFCO employees equivalent to those provided to County Exempt employees. On September 12, 2006, the County amended its Exempt Compensation Plan increasing the contribution rates from \$20 to \$40 per pay period for Health Expense Flexible Spending Accounts. This change will also apply to LAFCO employees. The proposed amendment reads:

“Effective for the plan year commencing July 7, 2007, SB LAFCO will contribute up to forty dollars (\$40.00) per bi-weekly pay period, matching employee contributions dollar for dollar, up to forty dollars (\$40.00) each bi-weekly pay period.”

CLARIFICATION OF EXISTING RETIREMENT LANGUAGE:

Language is proposed to be added to Section 108-A (Retirement – SB LAFCO Contributions) to clarify that the supplemental amounts shall be automatically increased in line with the same percentage as salaries are increased from time to time for all employees.

Even though the LAFCO Benefits Plan does not reflect the percentage increases for this benefit, an increase was provided to LAFCO staff during FY 2006-07, mirroring the generally-allocated three percent (3%) cost-of-living adjustment. Additionally, as identified in the adopted proposed budget for FY 2007-08, an increase in this benefit coincides with the three percent (3%) allocated cost-of-living adjustment. Adding the proposed language would clarify the administration of this benefit.

Staff recommends that the Commission approve the amendments to the San Bernardino LAFCO Benefits Plan (Attachment #1) to reflect the addition of LAFCO Benefit Group C, the increase in contribution to employees' Health Expense Flexible Spending Accounts, and the clarification of retirement language through adoption of Resolution 2971 (Attachment #2).

MT/

Attachments:

1. Draft LAFCO Benefits Plan
2. Draft Resolution 2971